

# RQI Global Diversified Alpha Strategy



## Quarterly Factsheet

31 March 2025

For Institutional use only

### Investment Strategy

The RQI Global Diversified Alpha strategy is systematic and seeks to produce superior risk-adjusted returns and aims to outperform the MSCI ACWI ex Australia Index (AUD), whilst incorporating certain Responsible Investment (RI) considerations in its portfolio construction process (although the scores assigned to such RI-related considerations for a potential investee company will not necessarily guarantee its inclusion in, or exclusion from, the strategy). The strategy incorporates a diverse range of signals such as value, quality, fundamental momentum and market sentiment across multiple time horizons. The strategy does not hedge currency risk. The strategy may use derivatives for efficient portfolio management.

### Investment Objective

The portfolio aims to provide capital and income growth by investing in global shares and outperforming the MSCI ACWI ex Australia Index (AUD) (before fees and taxes), over rolling five-year periods.

### Fund Facts

Inception date	18 June 2021
Funds under management (AS)	385 million
Benchmark	MSCI All Countries World ex Australia Net Index
Number of stock holdings	251
Base currency	AUD

Carbon reduction <sup>~</sup>	20% reduction from benchmark
ESG exclusions <sup>*,**</sup>	Tobacco Products / Controversial Weapons / Sanctions Coal / Oil Sands / UNGC Violators

Gross Performance (% p.a.)	3M	6M	1Y	2Y	3Y	ITD
Gross return	-1.51	12.00	16.09	23.43	16.91	14.39
Benchmark return	-1.94	8.99	12.34	19.31	13.91	11.31
Excess return	0.43	3.01	3.75	4.12	3.00	3.08

Past performance is not a reliable indicator of future performance

Risk Characteristics	1Y	3Y	ITD
Beta	1.02	1.03	1.04
Tracking Error (%)	2.14	2.20	2.15

ITD: Inception to date

Carbon Intensity <sup>^</sup>	Fund	Benchmark	% Difference
March 2025	54.65	115.65	-52.8%

Valuation	Fund	Benchmark
Dividend Yield (%)	1.81	1.68
Price/Cashflow	19.75	19.75
Price/Book	3.95	3.50
Price/Earnings	25.58	27.00
Price/Sales	4.12	4.14

Sector Allocation (%)	Fund	Benchmark	Active
Information Technology	24.35	23.68	0.67
Financials	18.39	17.73	0.66
Consumer Discretionary	11.40	10.69	0.71
Industrials	10.16	10.64	-0.48
Health Care	9.08	10.34	-1.26
Communication Services	7.07	8.24	-1.17
Consumer Staples	5.18	6.33	-1.15
Utilities	3.57	2.70	0.87
Energy	3.18	4.17	-0.99
Real Estate	2.97	2.07	0.90
Materials	2.90	3.41	-0.51

Region Allocation (%)	Fund	Benchmark	Active
North America	66.61	68.34	-1.73
Emerging Markets	11.38	10.45	0.93
Europe	11.11	11.98	-0.87
Japan	4.54	4.92	-0.38
UK	3.74	3.43	0.31
Developed Asia	1.81	0.88	0.93

Largest Active Stock Positions	Fund	Benchmark	Active
Pop Mart International Group Limited	0.91	0.01	0.90
Consolidated Edison, Inc.	0.92	0.05	0.87
Singapore Exchange Ltd.	0.87	0.01	0.86
Microsoft Corporation	2.73	3.54	-0.81
Tesla	0.17	1.00	-0.83
Berkshire Hathaway Inc. Class B	0.08	0.95	-0.87

Best/Worst 3 Stocks - 3 Months (%)	Active Performance Contribution
Pop Mart International Group Limited	0.49
Tesla	0.28
Hyundai Rotem Co.	0.21
NetApp, Inc.	-0.18
Recruit Holdings Co. Ltd.	-0.22
Manhattan Associates, Inc.	-0.27

Best/Worst 3 Sectors - 3 Months (%)	Active Performance Contribution
Consumer Discretionary	0.52
Utilities	0.40
Information Technology	0.31
Consumer Staples	-0.12
Industrials	-0.29
Financials	-0.55

Best/Worst 3 Countries - 3 Months (%)	Active Performance Contribution
China	0.50
South Korea	0.27
Switzerland	0.12
Canada	-0.18
Germany	-0.19
Japan	-0.30

The RQI Global Diversified Alpha strategy returned -1.51% (gross of fees) during the March quarter, outperforming the MSCI All Countries World ex Australia Net Index which returned -1.94% (in AUD).

Global equity markets were notably volatile in Q1 2025 amid widespread uncertainty around global trade policy and concerns about growth and inflation. Developed Market equities fell due to broad-based weakness in US economic growth and tariff concerns. US markets were hit hardest, with Growth stocks suffering from Trump's rapid executive orders and policy changes, leading the Federal Reserve to lower the economic growth forecast to 1.7%. Trade tariffs initially targeted China, then Mexico and Canada, and extended to Europe. US consumer confidence dropped in March, while unemployment rose to 4.2%. Information Technology, Consumer Discretionary and Communication Services were most affected. Consequently, Growth significantly underperformed Value. In contrast, Eurozone stocks fared better due to optimism following German elections and a new pro-growth fiscal policy. European defence stocks rallied following the US foreign policy U-turn on Ukraine and geopolitical uncertainty. Emerging Markets were less impacted; Taiwan suffered double-digit losses due to US trade tariff uncertainty, while Chinese market performed well, boosted by AI enthusiasm following the release of DeepSeek. Chinese consumer sentiment has been slowly recovering due to government stimulus measures and efforts to stabilize the property sector. Korea rebounded mildly as the country stabilised post the arrest of its president after a failed martial law. Globally, Energy (+8.5%), Utilities (+5.9%) and Financials (+5.3%) were the strongest performing sectors, while Information Technology (-12.2%) and Communication Discretionary (-8.2%) were key detractors.

The alpha model was able to generate outperformance from most insights. Trending insights such as relative value and fundamental momentum were the strongest. Whereas profitability-based insights within fundamental quality the only one that performed poorly. All regions were additive within the model, with Europe and Developed Asia being the strongest. Within these regions, relative value and event driven based insights were the most additive.

On a country basis, the largest contributor was the overweight to China and the largest detractor was the underweight to Japan. From a sector perspective, the largest contributor was the overweight to Consumer Discretionary and the largest detractor was the overweight to Financials. The largest stock level contributor was the overweight to Pop Mart International Group Limited and the largest stock level detractor was the overweight to Manhattan Associates, Inc.

Note: Returns in parenthesis show the total return for the quarter ending 31 March 2025. All returns are given in local currency terms unless otherwise stated.

Carbon reduction~	Aim to reduce carbon intensity by at least 20% relative to the benchmark.
ESG exclusions#	Companies in scope for exclusion are entities that derive any revenue directly from the manufacture of Controversial Weapons or Tobacco Products; or own more than a 50% interest in entities that do so. We note the following qualifications: We have defined “Controversial Weapons” to include: anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, nuclear weapons and white phosphorus munitions. We have defined “Tobacco Products” to include traditional cigarettes and other tobacco products, such as cigars and chewing tobacco, and vaping and e-cigarette products. The exclusions do not apply to investments in entities with minority investments (i.e. < 50%) in other entities or joint ventures that are involved in the above sectors. The implementation of these exclusions is dependent on information relating to either reported revenues or revenue estimates provided by reputable third party research providers. Where such information turns out to be inaccurate or there are delays in accessing such information, the implementation of these exclusions may in turn be delayed, particularly where there has been material changes in the nature of certain investments. Any existing holding that becomes an excluded stock will be divested within 3 months.
Sanctions**	Where companies are flagged under UN, US, EU or Australian sanctions. Holdings which become sanctioned will be divested as soon as practicably possible.
Coal**	Exclude where thermal coal mining/extraction >10% revenue, or >10% of power generation capacity.
Oil Sands**	Exclude where oil sands >10% of oil and gas mining/extraction.
UNGC Violators**	Exclude where companies are deemed non-compliant with global standards per our data vendors.
Carbon Intensity^	Carbon Intensity reflects a firm’s total scope 1 & 2 CO2e emissions in tonnes / company sales in USD \$m. CO2e means green house gas emissions converted to their carbon dioxide equivalent. Source: ISS / RQI.
Portfolio Beta	Portfolio beta measures the portfolio's sensitivity to benchmark movements. Mathematically, it is the covariance of the portfolio vs the benchmark divided by the variance of the benchmark.

Data shown is for a representative RQI Global Diversified Alpha portfolio account. This information is provided for illustrative purposes to demonstrate RQI’s activity within the strategy for the period shown. It is not a recommendation or solicitation to purchase or invest in any fund. Differences between the representative account-specific constraints, currency or fees and those of a similarly managed fund or mandate would affect results.

Performance returns are calculated gross of management fees and net of transaction costs. Performance returns for periods greater than one year are annualised. Past performance is not a reliable indicator of future performance.

RQI may use Artificial Intelligence (AI) tools to assist with collating publicly available information for the purposes of producing market commentary.

Data source: First Sentier Investors 2025. Data as at: 31 March 2025

For further information		<a href="http://www.rqiinvestors.com">www.rqiinvestors.com</a>	
Chief Executive, RQI Investors		Senior Investment Manager, RQI Investors	
Andrew Francis	+61 421 320 782	Iain McLearn	+61 2 9010 5298
Investment Manager, RQI Investors		Investment Analyst, RQI Investors	
Bonnie Chow	+61 2 9010 5240	Melanie Rondan	+61 2 9010 5675

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